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SUBJECT: FEBRUARY 2, 2010 MFA PRESS BRIEFING: TAIWAN ARMS SALES,
2010 QUADRENNIAL DEFENSE REVIEW, LIU XIAOBO, FENG ZHENGHU, SALE OF
FREDDIE MAC BONDS

11. Key points at the February 2, 2010 MFA press briefing were:

-- The announcement of U.S. arms sales to Taiwan "seriously damages the core interests" of the two countries and will negatively impact bilateral exchanges and regional issues.

-- China will place sanctions on "every U.S. company" involved in the Taiwan arms sales.

-- China blames the United States for making "irresponsible remarks that damage the trust in U.S.-China relations" in the 2010 U.S. Department of Defense Quadrennial Defense Review (QDR) Report. The United States is only looking to "point fingers" at China's "normal defense build-up" and is interfering in China's internal affairs.

-- The Nobel Committee would have "no basis" and would be "completely wrong" if it decided to award the Peace Prize to Liu Xiaobo.

-- China denies the allegations made by former U.S. Treasury Secretary Henry Paulson that Chinese and Russian leaders held discussions to jointly sell their Freddie Mac bonds.

-- "Dialogue and negotiations" are preferable in dealing with Tehran on its nuclear weapons program.

U.S. Arms Sales to Taiwan

12. Ministry of Foreign Affairs Spokesman Ma Zhaoxu said that "regardless of China's efforts, the United States was bent on selling arms to Taiwan, which seriously damaged U.S.-China relations." Further, arms sales will "negatively impact important issues and exchanges," and would lead the bilateral relationship in a direction "not welcomed by both sides."

13. Asked if the announcement would affect international cooperation on the issue of nuclear weapons in North Korea and Iran, Ma said that there would be a negative impact on regional issues and that "the fault lies completely" with the U.S.

14. Ma stated that sanctions will be imposed on U.S. companies involved in the sale. A reporter asked if Boeing would be one of the companies to face sanctions. Ma responded that "every U.S. company" involved in the sale would face "relevant" sanctions.

15. Ma added that the Human Rights Dialogue scheduled to take place by the end of the month will be affected by the arms sales. Also, a potential meeting between President Obama and the Dalai Lama could further damage China's relationship with the U.S. as China does not approve of any contact between foreign officials and the Dalai Lama.

Defense Department's Quadrennial Defense Report

¶6. Ma responded to a question regarding the release of the QDR by calling on the U.S. to view China's "peaceful development" and "defensive build-up" of military forces in "an objective and fair manner."

Liu Xiaobo and the Nobel Peace Prize

¶7. Questioned about China's response to calls that jailed activist Liu Xiaobo be nominated for the Nobel Peace Prize, Ma stated that China is a nation ruled by laws and referred questions regarding Liu and his case to relevant authorities. Ma added that it would be "completely wrong" for the Nobel Committee to grant a Peace Prize to Liu.

Too Early for Sanctions on Tehran

¶8. Ma responded to questions about increasing pressure to apply sanctions to Tehran for its refusal to dismantle its nuclear program by stating that it is still "too soon" for sanctions and that a "flexible and pragmatic" approach would be more effective.

Coordinated Sale of Freddie Mac Bonds

¶9. Ma denied the allegations put forth by former U.S. Treasury Secretary Henry Paulson that there had been collusion between China and Russia in the sale of their holdings in Freddie Mac to force the U.S. government to prop up the company. He stated that China did its best to stabilize the world financial crisis.

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Other News

¶10. In response to a question regarding Feng Zhenghu, the Chinese citizen denied entry into China and currently living in Tokyo's Narita Airport, Ma referred interested parties to the relevant PRC immigration officials.

¶11. Ma reported that an Indonesian search and recovery mission to find the crew of the fishing vessel "Dolphin" had resulted in the rescue of one person and the recovery of eight bodies. Ma stated that 24 of the ship's crew were Chinese citizens and the Chinese government is in communication with families of the victims.

HUNTSMAN